



# Environmental, Social and Governance Statement

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30<sup>th</sup> July 2021

APPROVED  
29<sup>th</sup> July 2021

## MTTSL's Stance on Environmental, Social and Governance

Environmental, Social and Governance (“ESG”) management and reporting has become increasingly more important for our industry and our company. The International Maritime Organisation (“IMO”) has been active in improving the industry’s carbon footprint by setting routh a climate change strategy toward 2025. A comprehensive roadmap to reduce CO<sub>2</sub> emissions per transport work by at least 50% and energy efficiency by 70% when compared to 2008 levels. These ambitions have highlighted the urgent need for the shipping industry to ensure the proper handling of climate change risks in accordance with Sustainable Development Goals 13 “SDG 13” promoted by the UN DESA.

In accordance with the Sustainable Development Goals 9 (Industry, Innovation and Infrastructure) - “SDG 9” promoted by UN DESA, the Company aims to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation through continuous research and development. The Board of Directors, management team and employees support these ambitions and recognise the need for action.

MTT Shipping and Logistics Bhd.(“MTTSL” or “Company”) is committed to act responsibly in our business operations, not only to the business stakeholders but also in supporting our employees and community. The company strives to provide our customers with visibility and transparency, cultivates a diverse work environment for the employees and contributing positively to the communities in which we operate.

The company is conscious that our industry comes with risks relating to health and safety, corruption, emissions and hazards to marine wildlife, thus have established principles and processes to mitigate risks in our daily operations. MTTSL is responsible for safeguarding the operations of the company with the management team under the ultimate supervision of our Board of Directors.

## Social

### Employees Wellbeing and Development

The focus on development, engagement and wellbeing of employees is of utmost importance within our organisation. The Company encourages employees to consistently improve and upgrade their skillset and knowledge. Employees are also encouraged to share their knowledge through internal and interdepartmental training.

The company prioritises employee retention through employee engagement and communications. In 2015, the Company established the first Sports Club in the central region before expanding it across all offices in East and West Malaysia in 2018. The Sports Club focuses on employee engagement and improvement of internal communications through the organisation of sports and recreational activities. These activities involving inter-department and rank promotes a sense of union and opens communication channels for all employees.

### Respecting Individual Rights and Customs

The Company strives to create a workplace in which there is mutual respect in respect of individual rights and customs. With an aim to increase the employment of Malaysian Crew, the gallies of eight MTT Shipping operated vessels have undergone the *sertu samak* process by a contractor approved by

Jabatan Kemajuan Islam Malaysia (JAKIM). This has had a positive impact of the recruitment of Malaysian seamen.

### Occupational Health and Safety

The Company is committed to create and maintain a safe and healthy working environment as the health and safety of our office personnel and crew members is of top priority. Crew members and ship management employees are constantly trained about safety while being on board and the importance of pollution prevention. Annual desktop drills between our ship management company and vessels are an important factor in ensuring the preparedness of both crew members and ship management personnel.

### Corporate Social Responsibility

Annual and ongoing Corporate Social Responsibility campaigns are at the forefront of the company's contribution to social welfare and development. The Company believes in supporting local communities and helping those in need, with key focus areas being community, health and environment.

In 2020, the collaboration between MTT Shipping and The National Autism Society of Malaysia was to create awareness of autism with a campaign entitled Understand, Accept and Respect. From the start of the Covid-19 pandemic, MTT Shipping has also donated medical equipment and personal protective equipment to various hospitals across East and West Malaysia.

## Environment

The Company has allocated a significant amount of capital expenditure for the compliance with IMO regulations to mitigate the industry's impact on the environment which focuses on the protection of our marine ecosystem, prevention of maritime pollution and mitigation of the impact on climate change.

### Compliance with IMO 2020 Sulphur Limit

On 1 January 2020, a new limit on the sulphur content in the fuel oil used on board ships came into force, marking a significant milestone to improve air quality, preserve the environment and protect human health. Known as "IMO 2020", the rule limits the sulphur in the fuel oil used on board ships operating outside designated emission control areas to 0.50% m/m (mass by mass) - a significant reduction from the previous limit of 3.5%. Within specific designated emission control areas the limits were already stricter (0.10%). This new limit was made compulsory following an amendment to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).

The resulting reduction in sulphur oxide (SOx) emissions from ships is having major health and environmental benefits for the world, particularly for populations living close to ports and coasts. Sulphur oxides are harmful to human health, causing respiratory, cardiovascular and lung disease. Once released in the atmosphere, SOx can lead to acid rain, which impacts crops, forests and aquatic species and contributes to the acidification of the oceans. Before the entry into force of the new limit, most ships were using heavy fuel oil. Derived as a residue from crude oil distillation, heavy fuel oil had a much higher sulphur content which, following combustion in the engine, ended up in ships'

emissions. Now, the vast majority of ships are using very low sulphur fuel oil (“**VLSFO**”) to comply with the new limit, and no safety issues have to date been reported to IMO.

As of the 1<sup>st</sup> of January 2020, 100% of the Company’s vessel fleet are IMO 2020 compliant with aged fleet and ships without scrubbers consuming VLSFO and 4 ships equipped with scrubbers that removes particulate matter and harmful components, such as Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) from the exhaust gasses generated as a result of combustion processes in marine engines, to implement pollution control.

The Company has also put in place a long term fleet renewal plan, which aims to replace its aged fleet with newbuildings. This is to ensure that the Company invests in the most cutting edge technology that reduces the consumption of fossil fuels and minimise the emissions of green house gases.

## Governance

### Corporate Governance

The company is committed to uphold the highest standards of corporate governance and ethical conduct in accordance with the Principles and Practices of corporate governance as set out in the Malaysian Code on Corporate Governance updated on 28 April 2021 (“MCCG 2021”) in order to maintain high standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of MTTSL, with corporate accountability, transparency and integrity.

The company’s Corporate Governance Statement provides an outline of the corporate governance practices of the Group during the financial year ended 31 December 2020 in accordance with the three (3) Principles stipulated in the MCCG. This includes board leadership and effectiveness, effective audit and risk management and integrity in corporate reporting and meaningful relationship with stakeholders.

### Business Ethics

The Company has put in place the necessary policies and procedures including Supplier Code of Conduct and assessment of potential customers to ensure that the highest standards of compliance are practised across our Company’s operations. The Company will not enter into business dealings or relationships with individuals or organisations engaged in, or suspected of having engaged in, illegal activities.